

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 AID-05 CEA-01 COME-00 EB-07 EA-07 FRB-03  
IO-13 NEA-10 OPIC-03 TRSE-00 LAB-04 EPG-02 SIL-01  
AGRE-00 OMB-01 OES-07 FEA-01 /123 W  
-----073105 241110Z /14

R 241042Z JUN 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 9314  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY PARIS  
USMISSION USUN NEW YORK

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USEEC  
USOEC

E.O. 11652: NA  
TAGS: EAID, ETRD, GW  
SUBJ: ECONMIN STATE SECRETARY DR. SCHLECHT  
STATEMENT ON NORTH-SOUTH ISSUES.

REF: (A) BONN 10032, (B) 9534

1. IN A RATHER SOPHISTICATED SPEECH ON THE OCCASION  
OF THE ANNUAL ASSEMBLY OF THE IFO RESEARCH INSTITUTE,  
MUNICH, ON JUNE 21, 1977, ECONMIN STATE SECRETARY  
DR. SCHLECHT MADE A CRITICAL ANALYSIS OF THE PRESENT  
STATUS OF THE NORTH-SOUTH DIALOGUE, CHARACTERIZING THE  
GERMAN POSITION IN THE FOLLOWING SENTENCE: "WE HAVE  
PAID HEAVILY ALREADY AND NOW WE SHOULD BE WATCHFUL SO  
THAT WE SHALL STILL GET AWAY WITH NO MORE THAN A BLACK  
EYE". HE CAUTIONED THAT A "NEW INTERNATIONAL ECONOMIC  
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ORDER, AS IT IS DEMANDED BY THE LDCE, BASED ON THEIR  
SHORT-RANGE, FICTITIOUS ADVANTAGE, MAY EASILY BE THEIR  
LAST ORDER". SCHLECHT PLEADED IN FAVOR OF MAINTAINING  
THE MARKET MECHANISM.

2. THE STATE SECRETARY VALUED THE PARIS DIALOGUE AS  
A NEW FACTOR FOR THE METHOD BY WHICH INTERNATIONAL

ECONOMIC RELATIONS CAN AND SHOULD BE FORMULATED IN THE FUTURE. HE ASSESSED IT AS POLITICALLY POSITIVE THAT A CONFRONTATION COULD BE AVOIDED AND THAT THE DISCUSSIONS CAN BE RESUMED AT SEVERAL FORA IN THE FUTURE. IN THESE DISCUSSIONS IT WILL BE NECESSARY TO POINT TO THE ABSOLUTE INTERDEPENDENCE OF ECONOMIC RELATIONS AND TO UNDERTAKE ALL POSSIBLE MEASURES IN ORDER TO EXPAND PRIVATE INVESTMENT, BECAUSE ECONOMIC DEVELOPMENT IS A MATTER OF WORLDWIDE GROWTH.

3. FROM THE GERMAN VIEWPOINT, DR. SCHLECHT STATED, THE FOLLOWING MEASURES ARE THE RIGHT ONES TO BE PURSUED FURTHER:

A. SPECIFIC REAL TRANSFER OF RESOURCES THROUGH DEVELOPMENT AID ON A BILATERAL AS WELL AS MULTILATERAL BASIS;

B. FURTHER OPENING OF DC MARKETS FOR INDUSTRIAL AS WELL AS AGRICULTURAL PRODUCTS FROM LDCS;

C. ADJUSTMENT OF THE ECONOMIC STRUCTURE -- BUT NOT THROUGH SUBSIDIES OR PRIVATE CARTELS;

D. TEMPORARY MEASURES TO CUSHION THE SOCIAL IMPACT OF MARKET AND STRUCTURAL ADJUSTMENTS;

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E. PROMOTION OF THE MOBILITY OF PRODUCTION FACTORS AND INNOVATIONS TO FACILITATE THE STRUCTURAL CHANGE;

F. BETTER COORDINATION OF STRUCTURAL ACTIVITIES;

G. IMPROVED STRUCTURAL REPORTING TO ACHIEVE A GREATER TRANSPARENCY AND STRUCTURAL INFORMATION FOR INDUSTRY

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AND GOVERNMENT;

H. FURTHER CONSISTENT REDUCTION OF DEPENDENCE ON  
PETROLEUM;

I. CONTINUATION OF INTERNATIONAL NEGOTIATIONS ON  
EXPORT EARNING STABILIZATION; AND

J. INTERNATIONAL CONTROL OF ECONOMIC POWER POSITIONS.

4. DR. SCHLECHT CONCLUDED: "ALTOGETHER, WE MUST  
PURSUE A POLITICAL AND ECONOMIC STRATEGY WHICH IS  
DIRECTED INTO THE FUTURE FROM DOMESTIC AS WELL AS  
WORLD ECONOMIC VIEWPOINTS. ONLY IF WE ADHERE TO MARKET-  
ECONOMIC PRINCIPLES IN OUR DOMESTIC POLICY, CAN WE  
ADVOCATE IN A CREDIBLE WAY THE MAINTENANCE OF A FREE  
WORLD MARKET ALSO TO THE OUTSIDE. AT THE SAME TIME,  
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HOWEVER, THE FUNCTIONING OF A FREE WORLD TRADE IS  
EQUALLY NECESSARY SO THAT THE DYNAMICS OF OUR LIBERAL  
ECONOMIC ORDER REMAINS INTACT DOMESTICALLY".

5. COMMENT: FOLLOWING EARLIER STATEMENTS BY ECONMIN  
STATE SECRETARY ROHWEDDER (REF A) AND OTHER PERSONAL  
COMMENTS FROM FRG OFFICIALS (REF B), WE HAVE THE  
IMPRESSION THAT THE FRG IS PRIVATELY DISAPPOINTED WITH  
THE CIEC OUTCOME, BUT PUBLICLY TRYING TO PUT THE BEST  
FACE ON IT. WE FIND SCHLECHT'S SPEECH CONSTRUCTIVE,  
CONTAINING LITTLE THAT IS NEW, BUT MUCH THAT WILL BE  
HELPFUL IN FORMULATING OUR OWN FOLLOWUP TO CIEC.

STOESSEL

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Date:** 22 May 2009  
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**Status:** NATIVE  
**Subject:** ECONMIN STATE SECRETARY DR. SCHLECHT STATEMENT ON NORTH-SOUTH ISSUES.  
**TAGS:** EAID, ETRD, GE, (SCHLECHT, OTTO)  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009